1. Question summarized from the Pre-Proposal Conference: For situations that will result in less than a full year of cost of care being needed will you allow us to make our own modifications to the costs instead of the government?

Response: It is noted that contract Option Period I is for a 12-month period scheduled to begin on April 1, 2004 in the Western region. However, the actual start of Health Care delivery actually phases in at various times during the 12-month OP I time period as the respective current MCS contracts expire. For example, the OP I target Health Care cost total for the North contract include ten months of Health Care costs for the old Regions 2/5 and seven months of Health Care costs for the old Region 1. The table below shows the effective date of the start of Health Care delivery for the current contract region areas grouped by the new contract region alignment. The table also shows the number of months of health care that each old region will contribute to Option Period I.

New **Region**	**Current Region**	**Start of Health Care delivery**	**Number of Months in Option Period I**
North	2/5	June 1, 2004	10
	1	September 1, 2004	7
South	6	November 1, 2004	5
	3/4	August 1, 2004	8
West	11	April 1, 2004	12
	9/10/12	July 1, 2004	9
	Central	October 1, 2004	6

Offerors may develop their Health Care costs using any reasonable model they find appropriate. If, for example, an offeror's cost model develops costs using a 12-month scenario, the offeror will then need to break out the portion of cost that pertains to the OP I time period. Offerors should describe in adequate detail how they determined the final amounts that compose their target OP I Health Care cost total.

The Government will evaluate months proposed and will not annualize the submissions of offerors to get total one-year costs for all the subparts for one of the new regions in its evaluation process.

2. During the Pre-Proposal conference, one of the participants asked if networks must be sized to accommodate TRICARE for Life beneficiaries. The question was answered yes that this is what the RFP requires. We have verified that the RFP does include TFL beneficiaries in reference to network sizing. A follow-up question was ask about the applicability of provider discounts to TRICARE Dual Eligible claims. During the conference we answered that discounts would not apply when Medicare is primary payor; however, we deferred providing an answer to the applicability of

discounts when TRICARE is primary. We have determined that discounts will not apply in any situation. This is because providers are contracting with the Managed Care Support Contractor who will consider the discount rates proprietary. We will not be including a provision in the MCS contracts requiring the MCSCs to divulge their network discounts to the TRICARE Dual Eligible Fiscal Intermediary Contractor (TDEFIC). As such, it is impossible for the TDEFIC to apply discounts in any situation.